



# Compressor Technique

Bengt Kvarnäck, Business Area President

Capital Markets Day, November 30, 2005



## Contents

- Compressor Technique in brief
- Compressed Air Market
- Performance – Compressor Technique
- Strategy – Compressor Technique

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## Compressor Technique



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## Compressor Technique

### Market Position

- World leader in compressed air products and solutions
- Global coverage with own resources in sales and aftermarket support
- Technology and cost leadership
  - Focused R&D investments
  - High volumes and focus on core activities
- Advanced global logistics
- Growth by strong market penetration and presence, and by continuous introduction of new and innovative products and services, extending the offer and increasing customer value.



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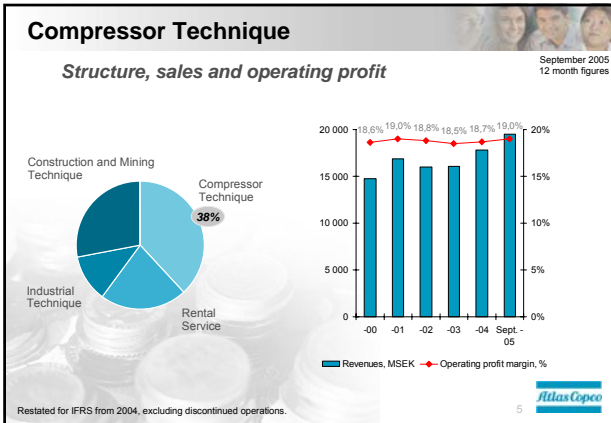
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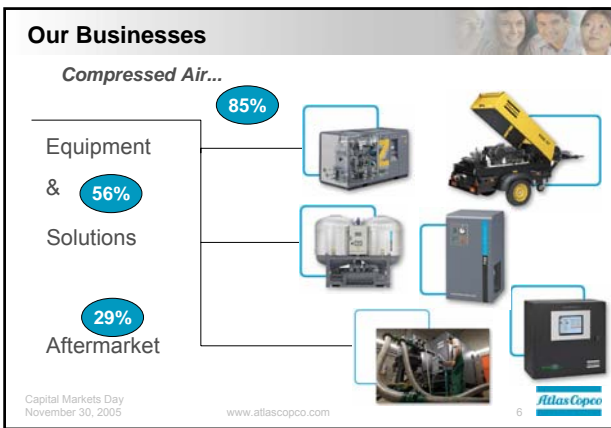
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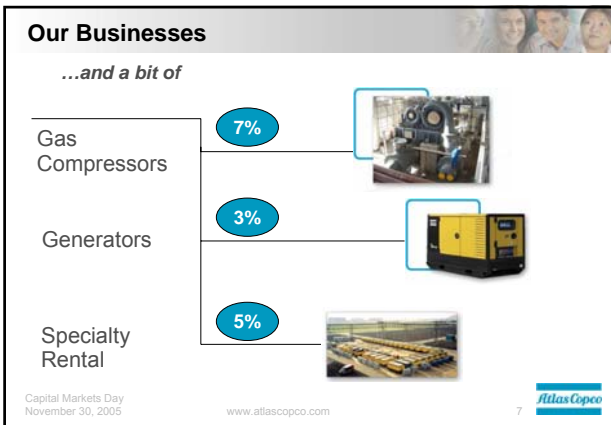
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### Our Businesses

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### Vision

To be...  
First in  
Mind...  
First in  
Choice...

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### Our Vision

Through...

Interaction      Commitment      Innovation

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## Our Vision



Offering Customers

# Best Value



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## Compressed Air Market



Total: BSEK 65 – 70



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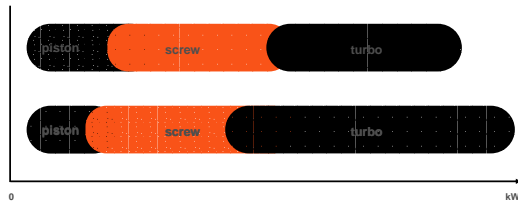
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## Technology trends

### Air compressors



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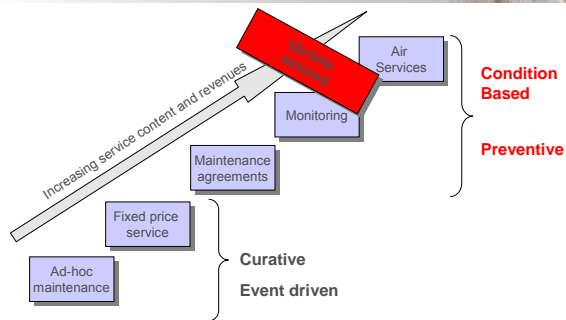
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## The Aftermarket



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## Energy Savers

- Compressor elements, motors, drives
- Dryers
- Packaging
- Heat recovery
- Machine selection and control
- Network control, network configuration and quality
- Machine and network maintenance



Increasing importance

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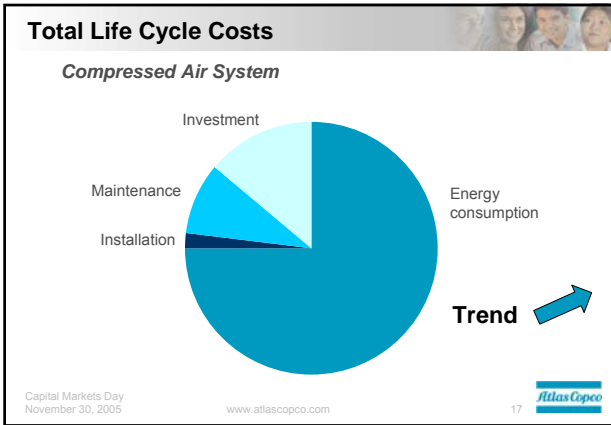
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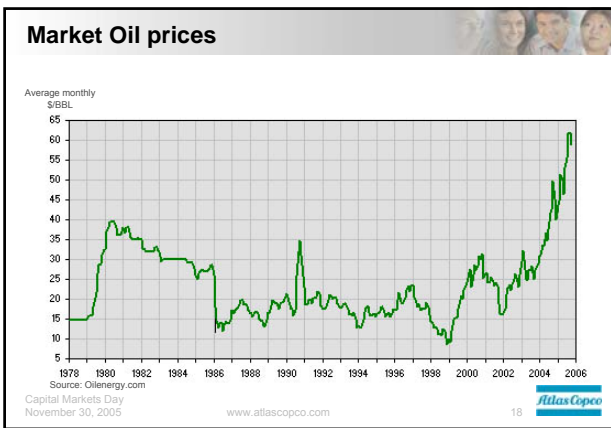
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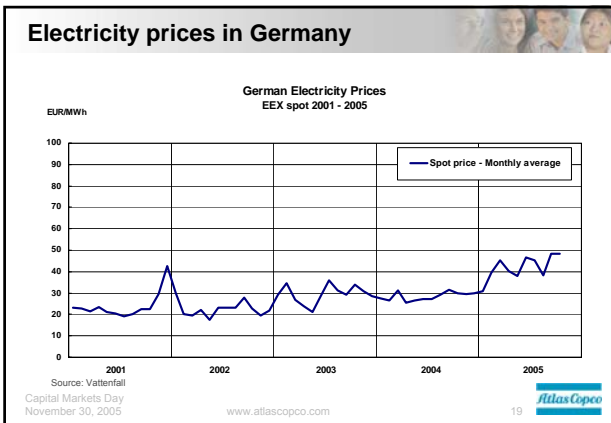
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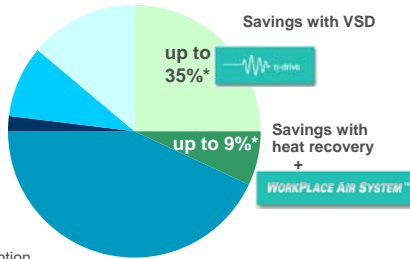
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## Potential Energy Savings

### Compressed Air System



\* % of energy consumption

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## Compressed Air Market

### Competitors

- Ingersoll-Rand, USA
- Kaeser, Germany
- Hitachi, Japan
- Gardner-Denver, USA
- CompAir, UK (Germany)
- Sullair, USA
- + many Regional / Local / Niche competitors

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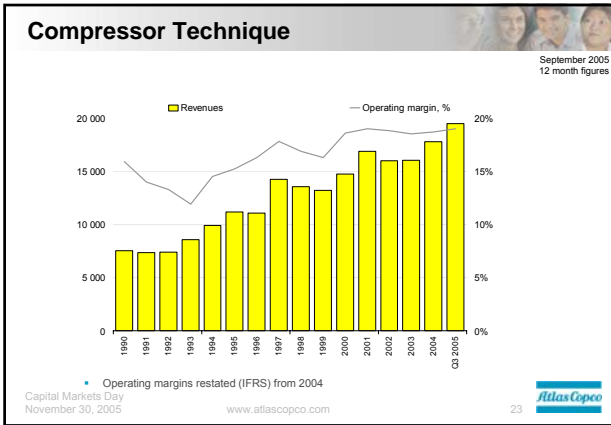
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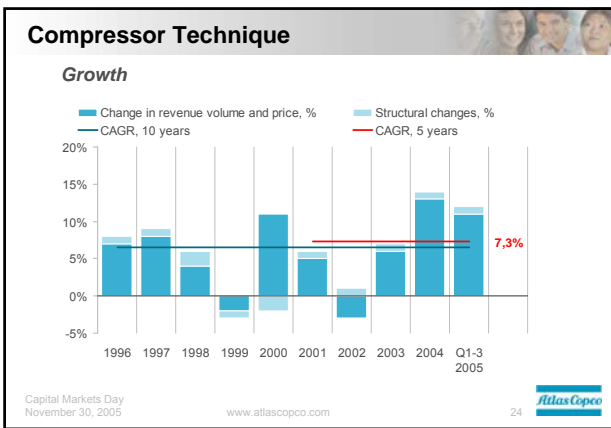
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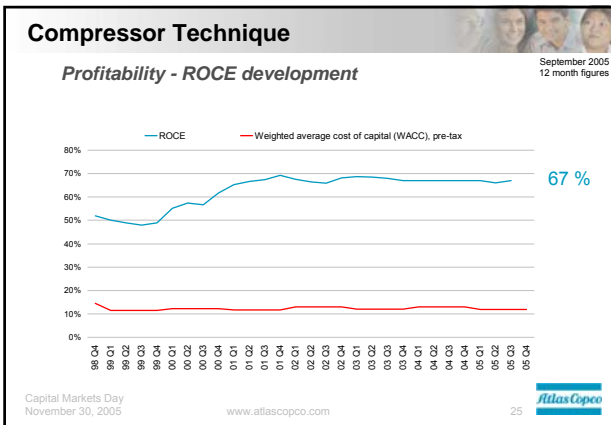
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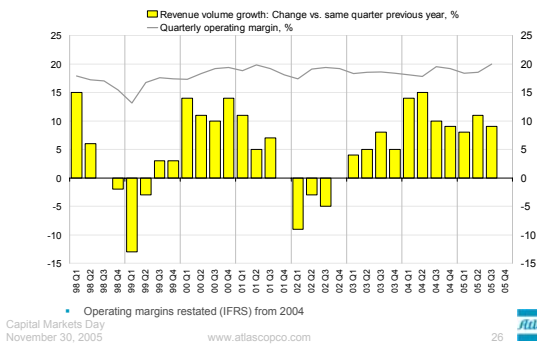
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## Compressor Technique




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## Compressor Technique

### Q3 2005

- Strong order intake in all regions and for all types of compressors and its aftermarket
  - Best development in North America, Eastern Europe and Asia
- Acquisitions within focused areas
  - Intermech – Compressed Natural Gas (CNG)
  - Creemers – Compressed Air automotive (Q4)
  - Pneumatech – Compressed Air Treatment (Q4)
  - Ketting – Marine compressor Solution (Q4)
- Divestment of stationary generator business (Q4)
- Record revenues and operating profit
  - Operating profit more than 1 billion SEK and highest operating margin ever




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## Compressor Technique

### Geographical distribution of orders received, %




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## Strategy

- Offer customers best value
- Capitalize on strong market presence
  - Core business and stretch from the Core
  - Build new businesses
  - Aftermarket
  - Acquisitions
  - Focused markets – Focused Solutions
- Multibrand concept
- Global product management and manufacturing strategy

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## Stretching the Core



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## Building New Business



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## Building New Business



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## New Products

### Equipment



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**New Products**

*Equipment*

New integrated dryer  
 New unloader for fixed speed  
 Standard EWD  
 High efficiency gearbox  
 New oil filter  
 New aftercooler with integrated WSD  
 New Elektronikon functions  
 New drive for VSD units  
 New air/oil separator

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**New Products**

*Equipment*

XRHS 8008

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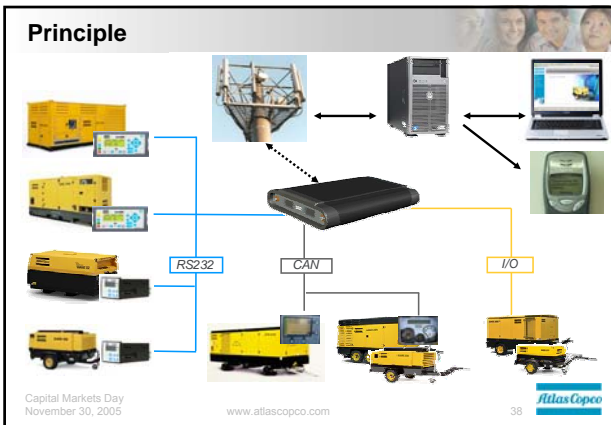
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## Focused Markets

### China

- New Sales/Service outlets
- Acquisition (Pneumatech)
- Service Center (Logistics)
- Plant investments
  - Element production, Wuxi
  - New plant, Liutech



### Global sourcing



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## Focused Markets

### India

- Strong growth
- Supported by investments and improved structure
- Global sourcing



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## Multibrand

- Differentiated offer / position
  - Customer choice
- Separate channels
- Better territory coverage
  - Market share
  - Customer share
- Business coordinated
- Synergies



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### Compressor Technique

*Global manufacturing strategy*

Components  
 Products  
 Research  
 Development

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### Sourcing and Assembly

Focus: **China** and **India**

**Quality and logistics**  
are **key**

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### Sourcing and Assembly

*Principles*

Specification

Quality

Supplier qualification

Build process and tools

Uniformity

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## Sourcing and Assembly

- Same product everywhere, wherever it is built
  - Full and comparable cost transparency
- Systematic evaluation of total product cost

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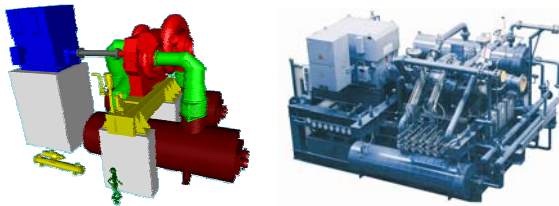
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## The Gas and Process Division

*No. 1 in Integrally Geared Turbo Compressors*



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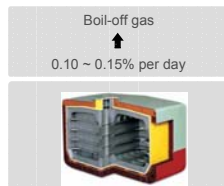
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## The Gas and Process Division

*LNG – Boil-off gas compressors*

- Maintain the pressure in the cargo tanks
- Supply the BOG to propulsion or reliquefaction system



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## Summary



- Strong business trend and performance
- Increasing penetration and share
- Stretching the Core
- Energy efficiency – increasing in importance
- Aftermarket growth
- More focused Solutions business

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